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IN THE MATTER OF THE APPLICATION OF
SULPHUR SPRINGS ELECTRIC COOPERATIVE,
INC. APPLICATION FOR APPROVAL OF ITS
2012 RENEWABLE ENERGY STANDARD
TARIFF AND IMPLEMENTATION PLAN

DOCKET NO. E-01575A-10-0308

COMPLIANCE - 2012 ANNUAL REST
REPORT

Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") hereby submits its annual REST
compliance report for the calendar year 2012 pursuant to A.A.C. R14-2-1812.

RESPECTFULLY SUBMITTED this 29th day of March 2013

Sulphur Springs Valley Electric Cooperative, Inc.

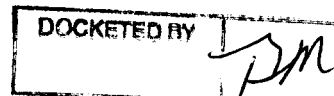
By 
David Bane
SunWatts Program Manager

Original and thirteen (13) copies filed this
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Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 

**Renewable Energy Standard and Tariff
Compliance Report
Compliance Year 2012**

Submitted April 1, 2013

**Sulphur Springs Valley Electric Cooperative, Inc.
Renewable Energy Standard and Tariff
Compliance Report
Compliance Year 2012**

INTRODUCTION

Pursuant to A.A.C. R14-2-1812, Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) submits this compliance report for calendar year 2012. This report relates to the SSVEC 2011/2012 Renewable Energy Standard and Tariff Plan ("REST Plan"), approved by the Arizona Corporation Commission (the "Commission") in Decision No. 72395 dated May 27, 2011.

EXECUTIVE SUMMARY

The REST Plan uses surcharge dollars from the SSVEC Commission-approved retail tariffs to support programs for developing renewable facilities, purchasing renewable energy and participation in large-scale renewable generation projects. Funds may also be used for administration, advertising and educational activities.

The REST Plan for 2011/2012 was approved pursuant to R14-2-1814. R14-2-1814 provides that, upon Commission approval of SSVEC's REST Plan, its provisions substitute for the Annual Renewable Energy and Distributed Renewable Energy requirements of Rules 1804 and 1805, respectively.

2012 INSTALLATIONS AND ENERGY GENERATED

In 2012, 218 new Photovoltaic ("PV") systems were installed in SSVEC's service area for a total installed capacity of 2,858.5 kW. Additionally, of these new systems, 216 are distributed generation (144 residential and 72 commercial).

In 2012, 85 new solar water heating systems were installed in SSVEC's service area. These new systems were expected to save approximately 580,191 kWh per year (as determined by the OG-300 rating program).

These additions bring the total number of renewable generation installations in SSVEC's service area by the end of 2012 to 1,140. This includes 891 PV installations (a total installed capacity of 6,187 kW), 37 wind installations with a total capacity of 106.9 kW, 1 bio-mass boiler, 1 geothermal well, and 210 solar water heating installations expected to save approximately 484,658 kWh per year.

2012 REQUIRED REPORTING INFORMATION

The ACC requested that the Electric Utilities develop a standard REST reporting format. SSVEC submits the following tables to meet this requirement (see attached tables).

Table 1a – Renewable Resources
Table 1b – Compliance Summary
Table 2b – RES Cash Incentive Costs

The following tables were not included because they are not applicable to the Commission approved SSVEC REST program.

Table 2a - RES Resource Costs
Implementation Plan Table 1 – Targeted Resources
Implementation Plan Table 2 – Targeted RES Resources Costs

Financial Summary

| | |
|--------------------------------|--------------|
| REST Surcharge Funds Collected | \$ 4,171,670 |
|--------------------------------|--------------|

Expenses

| | |
|---------------------------|--------------|
| Loans | \$ 52,427 |
| Admin | \$ 141,464 |
| Debt Service ¹ | \$ 811,724 |
| Incentives Paid | \$ 2,239,524 |

Total Expenses **\$ 3,245,139**

| | |
|--|------------|
| Balance ² Applied to the 2013 REST Programs | \$ 926,531 |
|--|------------|

Respectfully Submitted,

David Bane

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¹ Debt service is for CREBs financing of the Solar for Schools and SSVEC large scale solar farm as approved by the Commission.

² Balance includes over \$500,000 of Incentives paid in January for projects completed in 2012 but after the December Incentive Payment processing and reserved Incentives for two large C&I projects to be completed in the first quarter of 2013.

Table 1a - Renewable Resources

| Resource | Technology | Ownership | MWac ¹ | MWdc ¹ | Production (Actual) | Production + (Annualized) ² | Multiplier + Credits | = | Total MWh or Equivalent |
|--|-----------------------|-----------|-------------------|-------------------|------------------------|---|-------------------------|---|----------------------------|
| GENERATION: | PV Fixed Array | SSVEC | | 0.3 | | 565 | | | 565 |
| | PV Tracked Array | SSVEC | | 1.2 | | 3,559 | | | 3,559 |
| | | | | | | | | | |
| <i>Gross Total (if needed)</i> | | | | 1.5 | - | 4,125 | | | 4,125 |
| <i>Adjustments (if needed)</i> | | | | | | | | | |
| Subtotal Generation | | | | | | | | | 4,125 (A) |
| | | | | | | | | | |
| DISTRIBUTED ENERGY (DE): | | | | | | | | | |
| <i>Residential:</i> | PV | | | 2.4 | | 5,218 | | | 5,218 |
| | SWH | | | 0.7 | | 1,519 | | | 1,519 |
| | Wind | | | 0.1 | | 149 | | | 149 |
| | | | | | | | | | |
| <i>Gross Total (if needed)</i> | | | | 3.1 | - | | | | 6,886 |
| <i>Adjustments (if needed)</i> | | | | | | | | | |
| Subtotal Residential | | | | | | | | | 6,886 (B) |
| | | | | | | | | | |
| <i>Non-Residential:</i> | PV | | | 2.3 | | 5,094 | | | 5,094 |
| | SWH | | | 0.2 | | 544 | | | 544 |
| | Wind | | | | | | | | |
| | Bio-Mass | | | 0.7 | | 1,598 | | | 1,598 |
| | Geothermal | | | 0.7 | 1,585 | | | | 1,585 |
| | | | | | | | | | |
| <i>Gross Total (if needed)</i> | | | | 4 | 1,585 | | | | 8,821 |
| <i>Adjustments (if needed)</i> | | | | | | | | | |
| Subtotal Non-Residential | | | | | | | | | 8,821 (C) |
| Subtotal Distributed Energy (B + C) | | | | | | | | | 15,707 (D) |
| | | | | | | | | | |
| Total RES Resources (A + D) | | | | | | | | | 19,831 (E) |
| Total MWac equivalent³ | | | | | | | | | |

Notes to Table 1:

¹Generation capacity is generally reported in MWac and DE is generally reported in MWdc.

²Assumes 2190 kWh per installed kW for non-metered or current year installed residential PV systems, and 2190 kWh per installed kW for similar non-residential systems. Assumes 2920 kWh / kWdc for tracked sy:

³Represents the total RES portfolio capacity in MWac. Assumes a 90% dc-ac conversion factor applied to MWdc capacity.

Table 1b - Compliance Summary

| Category | Metric | % | Compliance Measure (MWh) | RES Resources (MWh or Equivalent) | |
|---|---------------------------|-------|--------------------------|-----------------------------------|-----|
| Retail Sales | Actual MWh Sales for 2012 | 1.75% | 14,940 | | |
| Prior year carrying balance ¹ | | | | - | (F) |
| 2012 Total RES Resources (From (E) in Table 1a) | | | | 19,831 | (E) |
| 2012 Total RES Requirement | N/A | | | | |
| DE Requirement | N/A | | | | |
| DE Sub-Requirements: | N/A | | | | |
| Residential DE | N/A | | | | (G) |
| Non-Residential DE | N/A | | | | (H) |
| Non-DE Target | N/A | | | | (I) |
| Resources Used for 2012 Compliance (G + H + I) | | | | 14,940 | (J) |
| End 2012 carrying balance (F + E - J) | | | | 4,891 | (K) |

Notes to Table 1b:

¹The RES-eligible resource carrying balance is accounted for using FIFO methodology, wherein the entire carrying balance is applied to the RES requirement and the year-end carrying balance consists of current year remaining resources.

Table 2b - RES Cash Incentive Costs

2012 Distributed Energy Cash Incentive Program Costs

| Up-Front Incentives | | | | | | 2012 Total Incentives |
|--|-----|-------|----------------------|-----------------------|-----------------------|-----------------------|
| | MW | MWh | (\$/MW) ¹ | (\$/MWh) ¹ | | Paid (\$)** |
| Residential: | 0.7 | 1,623 | 1,554,450 | 93 | OTT | 1,302,997 |
| | | 622 | | 180 | PBI | 111,872 |
| Subtotal: Residential | | | | | | 1,414,869 |
| Up-Front Incentives Production-Based Incentives | | | | | | 2012 Total Incentives |
| | MW | MWh | (\$/MW) ¹ | (\$/MWh) ¹ | (\$/MW) (\$/MWh) | Paid (\$) |
| Non-Residential: | | | | | | |
| OTT | 0.5 | 216 | 1,205,945 | 748.76 | | 719,194 |
| PBI | | 586 | | | | 105,461 |
| Subtotal: Non-Residential | | | | | | 824,655 |
| Total DE Incentive Costs | | | | | | 2,239,524 |

Notes to Table:

¹ Based on expected annual system production.

** Because SSVEC uses a reservation list, incentives paid out cover multiple REST plans.